

110TH CONGRESS
1ST SESSION

S. 537

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 2007

Ms. LANDRIEU (for herself, Mr. LOTT, Mr. KERRY, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To address ongoing small business and homeowner needs in the Gulf Coast States impacted by Hurricane Katrina and Hurricane Rita.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Gulf Coast Back to
5 Business Act of 2007”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) 43 percent of businesses that close following
9 a natural disaster never reopen;

1 (2) an additional 29 percent of businesses close
2 down permanently within 2 years of a natural dis-
3 aster;

4 (3) Hurricane Katrina struck the Gulf Coast of
5 the United States on August 29, 2005, negatively
6 impacting small business concerns and disrupting
7 commerce in the States of Louisiana, Mississippi,
8 and Alabama;

9 (4) Hurricane Rita struck the Gulf Coast of the
10 United States on September 24, 2005, negatively
11 impacting small business concerns and disrupting
12 commerce in the States of Texas and Louisiana;

13 (5) according to the United States Chamber of
14 Commerce, more than 125,000 small- and medium-
15 sized businesses in the Gulf Coast were disrupted by
16 Hurricane Katrina or Hurricane Rita;

17 (6) due to a slow initial Federal response and
18 the widespread devastation in the affected States,
19 businesses impacted by Hurricane Katrina are in
20 dire need of increased access to capital and technical
21 assistance to recover and prosper; and

22 (7) without the full recovery and prosperity of
23 affected businesses, the Gulf Coast, and the rest of
24 the United States, will be negatively impacted.

1 **SEC. 3. DEFINITIONS.**

2 In this Act—

3 (1) the term “Disaster Area” means an area in
4 which the President has declared a major disaster in
5 response to Hurricane Katrina of 2005 or Hurricane
6 Rita of 2005;

7 (2) the term “major disaster” has the meaning
8 given that term in section 102 of the Robert T.
9 Stafford Disaster Relief and Emergency Assistance
10 Act (42 U.S.C. 5122); and

11 (3) the term “small business concern” has the
12 meaning given that term in section 3 of the Small
13 Business Act (15 U.S.C. 632).

14 **SEC. 4. SMALL BUSINESS CONCERN RECOVERY GRANTS.**

15 (a) IN GENERAL.—There are authorized to be appro-
16 priated to the Secretary of Commerce \$100,000,000 for
17 the Economic Development Administration of the Depart-
18 ment of Commerce to make grants to the appropriate
19 State government agencies in Louisiana and Mississippi,
20 to carry out this section.

21 (b) DISBURSEMENT OF FUNDS.—

22 (1) IN GENERAL.—Subject to paragraph (2),
23 the Secretary of Commerce shall disburse the funds
24 authorized under subsection (a) as follows:

25 (A) \$75,000,000 to the State of Louisiana.

1 (B) \$25,000,000 to the State of Mis-
2 sissippi.

3 (2) PROPORTIONATE ALLOCATION.—Regardless
4 of the amount appropriated under subsection (a),
5 the amount appropriated shall be allocated among
6 the States listed in paragraph (1) of this subsection
7 in direct proportion to the allocation under that
8 paragraph.

9 (c) USE OF FUNDS.—

10 (1) IN GENERAL.—Grants awarded to a State
11 under subsection (a) shall be used by the State to
12 provide grants, which may be made to any small
13 business concern located in a Disaster Area that was
14 negatively impacted by Hurricane Katrina of 2005
15 or Hurricane Rita of 2005, to assist such small busi-
16 ness concern for the purposes of—

17 (A) paying employees;

18 (B) paying bills, insurance costs, and other
19 existing financial obligations;

20 (C) making repairs;

21 (D) purchasing inventory;

22 (E) restarting or operating that business
23 in the community in which it was conducting
24 operations prior to Hurricane Katrina of 2005

1 or Hurricane Rita of 2005, or to a neighboring
2 area or county or parish in a Disaster Area;

3 (F) compensating such small business con-
4 cerns for direct economic injury suffered as a
5 result of Hurricane Katrina of 2005 or Hurri-
6 cane Rita of 2005; or

7 (G) covering additional costs until that
8 small business concern is able to obtain funding
9 through insurance claims, Federal assistance
10 programs, or other sources.

11 (2) CRITERIA.—

12 (A) IN GENERAL.—Notwithstanding any
13 other provision of law, in making grants under
14 paragraph (1), a State may use such criteria as
15 the State determines appropriate, and shall not
16 be required to apply eligibility criteria for pro-
17 grams administered by the Federal Govern-
18 ment, including the Department of Commerce.

19 (B) EXCLUSION.—In making grants under
20 paragraph (1), a State may not exclude a small
21 business concern based on any increase in the
22 revenue of that small business concern during
23 the 12-month period beginning on October 1,
24 2005.

1 (3) ADMINISTRATIVE EXPENSES.—The Depart-
 2 ment of Commerce may use not more than
 3 \$1,500,000 of the funds authorized under subsection
 4 (a) to administer the provision of grants to the des-
 5 ignated States under this subsection.

6 **SEC. 5. DISASTER LOANS AFTER HURRICANE KATRINA OR**
 7 **HURRICANE RITA.**

8 (a) IN GENERAL.—Section 7(b) of the Small Busi-
 9 ness Act (15 U.S.C. 636(b)) is amended by inserting im-
 10 mediately after paragraph (3) the following:

11 “(4) DISASTER LOANS AFTER HURRICANE
 12 KATRINA OR HURRICANE RITA IN A DISASTER
 13 AREA.—

14 “(A) DEFINITIONS.—In this paragraph—

15 “(i) the term ‘Disaster Area’ means
 16 an area in which the President has de-
 17 clared a major disaster in response to Hur-
 18 ricane Katrina of 2005 or Hurricane Rita
 19 of 2005; and

20 “(ii) the term ‘qualified borrower’
 21 means a person to whom the Administrator
 22 made a loan under this section because of
 23 Hurricane Katrina of 2005 or Hurricane
 24 Rita of 2005.

1 “(B) DEFERMENT OF DISASTER LOAN
2 PAYMENTS.—

3 “(i) IN GENERAL.—Notwithstanding
4 any other provision of law, payments of
5 principal and interest on a loan to a quali-
6 fied borrower made before December 31,
7 2006, shall be deferred, and no interest
8 shall accrue with respect to such loan, dur-
9 ing the time period described in clause (ii).

10 “(ii) TIME PERIOD.—The time period
11 for purposes of clause (i) shall be 1 year
12 from the later of the date of enactment of
13 this paragraph or the date on which funds
14 are distributed under a loan described in
15 clause (i), but may be extended to 2 years
16 from such date, at the discretion of the
17 Administrator.

18 “(iii) RESUMPTION OF PAYMENTS.—
19 At the end of the time period described in
20 clause (ii), the payment of periodic install-
21 ments of principal and interest shall be re-
22 quired with respect to such loan, in the
23 same manner and subject to the same
24 terms and conditions as would otherwise be

1 applicable to any other loan made under
 2 this subsection.”.

3 (b) INCREASING COLLATERAL REQUIREMENTS.—

4 (1) IN GENERAL.—Notwithstanding any other
 5 provision of law, including section 7(c)(6) of the
 6 Small Business Act (15 U.S.C. 636(c)(6)), the Ad-
 7 ministrator may not require collateral for any cov-
 8 ered loan made by the Administrator.

9 (2) DEFINITION.—In this subsection, the term
 10 “covered loan” means a loan in an amount of not
 11 more than \$35,000 made—

12 (A) under section 7(b)(1) of the Small
 13 Business Act (15 U.S.C. 636(b)(1));

14 (B) as a result of Hurricane Katrina of
 15 2005 or Hurricane Rita of 2005; and

16 (C) after the date of enactment of this Act.

17 **SEC. 6. OTHER PROGRAMS.**

18 (a) HUBZONES.—Section 3(p) of the Small Business
 19 Act (15 U.S.C. 632(p)) is amended—

20 (1) in paragraph (1)—

21 (A) in subparagraph (D), by striking “or”;

22 (B) in subparagraph (E), by striking the
 23 period at the end and inserting “; or”; and

24 (C) by adding at the end the following:

1 “(F) an area in which the President has
 2 declared a major disaster (as that term is de-
 3 fined in section 102 of the Robert T. Stafford
 4 Disaster Relief and Emergency Assistance Act
 5 (42 U.S.C. 5122)) as a result of Hurricane
 6 Katrina of August 2005 or Hurricane Rita of
 7 September 2005, during the time period de-
 8 scribed in paragraph (8).”; and

9 (2) by adding at the end the following:

10 “(8) TIME PERIOD.—The time period for the
 11 purposes of paragraph (1)(F)—

12 “(A) shall be the 2-year period beginning
 13 on the later of the date of enactment of this
 14 paragraph and August 29, 2007; and

15 “(B) may, at the discretion of the Admin-
 16 istrator, be extended to be the 3-year period be-
 17 ginning on the later of the date of enactment
 18 of this paragraph and August 29, 2007.”.

19 (b) RELIEF FROM TEST PROGRAM.—Section 711(d)
 20 of the Small Business Competitive Demonstration Pro-
 21 gram Act of 1988 (15 U.S.C. 644 note) is amended—

22 (1) by striking “The Program” and inserting
 23 the following:

24 “(1) IN GENERAL.—Except as provided in para-
 25 graph (2), the Program”; and

1 (2) by adding at the end the following:

2 “(2) EXCEPTION.—

3 “(A) IN GENERAL.—The Program shall
4 not apply to any contract related to relief or re-
5 construction from Hurricane Katrina of 2005
6 or Hurricane Rita of 2005 during the time pe-
7 riod described in subparagraph (B).

8 “(B) TIME PERIOD.—The time period for
9 the purposes of subparagraph (A)—

10 “(i) shall be the 2-year period begin-
11 ning on the later of the date of enactment
12 of this paragraph and August 29, 2007;
13 and

14 “(ii) may, at the discretion of the Ad-
15 ministrator, be extended to be the 3-year
16 period beginning on the later of the date of
17 enactment of this paragraph and August
18 29, 2007.”.

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